

ECONOMIC AND SOCIAL COMMITTEE  
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## 152nd PLENARY SESSION

The European Communities' Economic and Social Committee held its 152nd Plenary Session in Brussels, on 26 and 27 October 1977. The chair was taken by Mr Basil de FERRANTI, the Committee's Chairman.

### Adoption of Opinions

#### I. ANNUAL REPORT - THE ECONOMIC SITUATION IN 1977

The Annual Report on the Economic Situation of the Community

#### Gist of the Commission Document

In reviewing the changes that have occurred in the Community's economic situation since last Autumn, the Report sees developments as being both positive and negative. The only real progress, however, is on the balance-of-payments and the prices front.

The 1977 rate of economic growth is likely to be  $2\frac{1}{2}\%$ , compared with 4.7% in 1976. To achieve the 1976-1980 medium-term growth rate needed to reduce unemployment from 5.4% (1977) to 3-4% in 1980, GNP would have to grow in the next 3 years by 5-6% per annum. Present estimates put the annual growth rate at a probable  $3\frac{1}{2}$ -4%.

The Commission stresses the impact of structural difficulties on the economy - particularly on unemployment. It admits that in many areas (demand, production, employment and income) where structures are undergoing extensive change, no real solutions have been found, resulting in uncertainty and cyclical weakness.

In proposing objectives and policies for 1978, the Commission says that following present policies, the Community would achieve a rate of growth in GNP in real terms of  $3\frac{1}{2}\%$ , and suffer an increase in the number of unemployed, the figure surpassing the 1977 total by some 500,000 to 600,000. The inflation rate at consumer level will average 8-8 $\frac{1}{2}\%$  for the Community as a whole, and the Community's balance of payments on current account will probably show a surplus.

The Commission sets a "normative economic scenario" for 1978, being realistic objectives. These objectives include a minimum real GDP growth rate of 4-4½% for the Community, a halt in the spreading of unemployment, narrower disparities between the balance-of-payments position of Member States, and a Community average rate of inflation of 7-8% (and a narrower spread between the extremes).

The Commission's Annual Report concludes with some general economic policy guidelines, and guidelines for individual Member States. It urges Member States to use budgetary policy more as an instrument of growth - particularly if they have current account surpluses. It wants Governments to stimulate personal consumption as well as public and private investments. Adjustments to personal income tax should be used to effect this. Public investment programmes should be speeded up where delays have occurred, and where public borrowing requirements are affected by this policy, non-monetary financing means should be resorted to - for instance, long-term financing. Norms for money supply should now be the rule rather than the exception, and could be a useful point of reference for determining wages and prices.

Employment policy options are dealt with in some detail, the Commission urging that any measures taken to reduce working hours be left as flexible as possible.

Proposals are made regarding investment incentives to make supply more flexible and so facilitate structural change.

Finally, the Commission again urges Member States to collaborate in the coordination of aid measures.

#### Gist of the Opinion

The Committee adopted its Opinion with no dissenting votes and 36 abstentions.

The Committee stresses in its Opinion that the Community's economic performance has failed in almost every respect to match the short-term targets set in the 1976 Annual Report. It believes it is impossible to achieve the medium-term targets agreed on at the 1976 Tripartite Conference, and confirmed by the Council in March of this year in the Community's 4th Medium-Term Economic Programme.

The Commission's "scenario" laying down economic objectives for 1978 sets a target growth rate of 4-4½%.

The Committee recognizes that the growth objective adopted for the Community must be realistic and that, in particular, it must not encourage excessive demand, which would jeopardize recent reductions in rates of inflation and balance-of-payments deficits. Nevertheless, having regard to the employment situation, and to the extent of unused capacity, the Committee feels that, as a quantitative indication of what should be possible, a growth rate of 4 - 4½% should be regarded as a minimum and that every effort should be made to improve upon it.

The Committee agrees with the Commission that to get the economy moving again requires the active participation and support of the Social Partners, but emphasizes that the latter will have to be convinced that the policies introduced to improve the employment situation will be effective.

The Committee based its Opinion on material prepared by its Section for Economic and Financial Questions, under the chairmanship of Mr MARGOT - Belgium - Various Interests. The Rapporteur was Mr CLARK - United Kingdom - Employers.

Speech by Mr ORTOLI, Vice-President of the Commission

In his address to the Committee, the Vice-President of the Commission, Mr ORTOLI, started by congratulating it on the work it had performed under difficult circumstances.

The Commission had held back the Annual Report because it felt that 1977 might mark the turn of the tide. The economy was still too sluggish, but there was clearly going to be some scope for boosting growth without precipitating a renewal of inflation. What was important, for economic recovery would have to be soundly based.

If the Member States pulled together, their measures could reinforce each other and enable growth targets to be achieved without upsetting the underlying equilibrium.

Economic growth was needed in order to achieve social justice and economic development, and get the balance of payments out of the red in the medium term.

Domestic growth should be based in the first place on public investment, encouragement of private investment, measures to limit increases in wage costs, and perhaps tax cuts.

The objectives for 1978 could be realized, Mr ORTOLI went on to say, if the Member States made a joint effort. They should demonstrate their solidarity in the fields of mutual monetary assistance and investment, and coordinate their economic policies. It was necessary to step up such coordination so as to take into account not only the size of budgets but also, for example, their effects on savings. With regard to the mutual consistency of monetary policies, consideration should be given to action to control the money supply and to improve the coordination of interest-rate policies.

In the aftermath of the latest Tripartite Conference, some thought was being given to the question of work sharing.

Structural problems were under review in the steel, textile, shipbuilding and other industries where it ~~was~~ necessary to embark on an investment policy based on clearly defined programmes. In that connection, a special role would have to be assigned to the energy sector, where public investment would have a major role to play and where future market trends were foreseeable.

Concluding, Mr ORTOLI stated that structural changes would lead to industry shedding labour to the tertiary sector, whose development should be given some encouragement. Investment remained central to all these considerations because it would determine the Community's future competitiveness.

## II. DATA-PROCESSING

Communication from the Commission to the Council concerning Community Policies for the Electronic Information Industry

### Gist of the Communication

As a further response to the Council Resolution of 15 July 1974 on a Community policy on data processing, the Commission has adopted a set of proposals on the electronic-based information industries, in particular the data-processing and advanced-electronic-component sectors. The Communication comprises :



- Proposals for a four-year development programme for data processing in the Community (Volumes I and II);
- Report on developments in the data-processing sector in the Community, in relation to the world situation;
- A Community policy for the component industry.

The four-year development programme for data processing

The proposal is concerned to promote the efficient development and use of data processing. It falls into two major parts :

- projects concerning the environment of the sector, i.e. standardization, software portability, coordination of public procurement policies and various general projects designed to improve knowledge of the sector and its environment;
- Community support projects, in particular for data-processing applications of Community interest, and for the hardware and systems industry in two particularly sensitive areas : peri-informatics (mini-computers, remote peripherals, etc.) and electronic components for computer applications (especially integrated circuits).

In view of the fluid situation in the central processors industry, the Commission has refrained from making proposals in respect of the large-computer sector. Instead it has concentrated on rapid growth sectors, in particular peri-informatics, in anticipation of the upsurge in distributed data-processing.

In implementing the programme, the Commission will be aided by a Committee for the Management and Coordination of Data Processing Programmes. The sectors referred to above will be eligible for Community data-processing grants.

In some areas of general public interest the Community could itself initiate projects.

The scheme makes provision for grants (repayable in the event of commercial success) up to 50% of the total cost of industrial developments and applications in the fields selected.

A Community policy for the electronic components industry  
(Volume IV)

The Commission stresses that this industry, and in particular the integrated-circuits branch, is crucial to the Community economy.

The Commission describes the growing competition from the United States and Japan, where the Government has just launched a 200 million u.a. programme to produce a range of VLSI (very large-scale integration) computers.

The Commission is chiefly concerned to alert the Council and the general public to the importance of a coherent programme, involving financial support, to meet international competition.

Gist of the Opinion

The Economic and Social Committee unanimously adopted its Opinion less 6 abstentions.

It is vital that the Community have a competitive expanding computer industry. Given the present pace of development, particularly in the increasingly important peri-informatics and components sectors, it is essential to ensure an effective Community capability.

The Committee sees the programme as ambitious but not impossible to realize. The Committee welcomes the Commission recognition of the fact that more effective cooperation by Community manufacturers is necessary, if foreign capability is to be matched.

A fundamental question is the definition of a "Community based company". Given the key nature of the informatics industry, the Committee accepts that a Community-controlled capability is essential for the long-term economic well-being of the Community. It therefore accepts the definition conflict in paragraph 3 of the Council Resolution of 15 July 1974, that a European-based company is one which is in practice controlled from within the Community. The Committee feels that the proposed strategies must enable Community firms to cope more effectively with external competition. It must be remembered that both Community and non-Community firms can prosper in a burgeoning market.

The Committee would express two major criticisms. The first is with respect to the failure to consult and involve in the preparation of the programme those parties who are bound to be interested in its consequence. The second criticism relates to the general lack of proposals in the programme for increasing education in the use of informatics. Since the use of informatics will be of capital importance to industry and to the economy as a whole, expenditure on user education would be more than justified.

The Committee makes the following comments on the Commission's objectives :

#### Support for Standardization

The Committee endorses the importance of ensuring a strong Community voice in the development of international standards. Like the Commission, it would not agree to the introduction or promotion of Community standards as such, except where international promotion of Community standards do not exist and are unlikely to be established.

#### Portability

There is a particular need for languages which can be used for a variety of machines without conversion costs; the Committee therefore urges the Commission to provide greater assistance to projects likely to increase portability. It also emphasizes that users must play an important role when portability issues are decided.

#### Confidentiality and security of data

There are two separate issues here. First, the security and confidentiality of personal information about citizens; secondly, technical protection for commercially important data and systems. The Committee urges the Commission to submit appropriate proposals without delay.

#### Peri-informatics

The Committee suggests that firms acting alone could come forward with proposals on the machinery for granting Community premiums. The Commission could also take the initiative in establishing suitable partnerships; if cooperation failed, the Commission

would still be able to ensure as a condition of support to a single firm that products developed are in line with overall harmonization and international standardization requirements.

The Committee notes that employment associated with data-processing and electronics must be considered in the light of the number, quality and status of the jobs involved. The importance of the numbers of highly-qualified technical jobs which non-European subsidiaries create and continue to provide within the Community must not be forgotten.

The Committee strongly feels the need for major studies in the entire field of employment. The requirements of retraining; the effects of rationalization programmes because of data-processing capabilities; the replacement of jobs in manufacturing because of the use of electronic components and microprocessors - all of these demand examination if the best use is to be made of the industrial benefits of informatics, without social harm to the individual in the short to medium term.

The Economic and Social Committee based its Opinion on material prepared by its Section for Industry, Commerce, Crafts and Services, under the chairmanship of Mr HEMMER - Luxembourg - Employers. The Rapporteur was Mr WYLIE - United Kingdom - Employers.

### III. FOOD PRICING

Draft Directive on Consumer Protection in the Marking and Display of the Prices of Foodstuffs

#### Gist of the Commission's Proposal

The proposed Directive is designed to make unit pricing compulsory for food in all Member States. The Commission thinks that this will make it easier for consumers to compare prices in the shops, improve market transparency and ensure greater protection for consumers.

The proposal covers both unpackaged and prepackaged foodstuffs, whether they be prepackaged in variable or predetermined quantities. Unit pricing will not be compulsory for foods prepackaged

in ranges of nominal quantities laid down by Community Directives or national rules.

In addition, it will be compulsory to indicate unit prices on all promotional material and catalogues listing food prices.

Finally, sales and unit prices must be inclusive of all taxes.

#### Gist of the Opinion

The Committee adopted the Opinion by a large majority, there being 5 dissenting votes and 4 abstentions.

The Committee approves the proposal which, once implemented, will make unit pricing for food compulsory throughout the Community. However, the new rules are likely to cause small shopkeepers some initial difficulties. For this reason, the Committee hopes that Member States will show the necessary degree of flexibility when introducing the rules, taking into account a number of countries' experiences so far if need be.

The exemptions proposed for food prepackaged in nominal quantity ranges laid down by Community Directives must be applied in such a way that the consumer can readily calculate what unit price he is paying. Otherwise, the Directive will be ineffectual.

The Committee therefore considers that the Community should lay down a small number of quantity ranges, and that the quantities specified should be multiples or sub-multiples of each other.

The Economic and Social Committee based its Opinion on material prepared by its Section for Protection of the Environment, Public Health and Consumer Affairs under the chairmanship of Mr ROSEINGRAVE - Ireland - Various Interests. The Rapporteur was Mr BOUREL - France - Employers.

#### IV. GENERALIZED TARIFF PREFERENCES FOR 1978

European Community's Scheme of Generalized Tariff Preferences for 1978

##### Gist of the Commission's Proposal

For the eighth time, the Commission is presenting the Council with proposals for the generalized tariff preferences which the Community has been applying to imports from a number of developing countries and territories since 1971. These proposals are a further tangible expression of the unilateral offer which the Community made at UNCTAD in 1969 and which it agreed to apply for 10 years.

The economic situation in the Community continues to be worrying and hopes of a sustained recovery remain uncertain, which is why the Commission has chosen for the 1978 Scheme the prudent course of safeguarding what has been achieved in the past and treading cautiously with regard to the future. For 1978, commitments will be honoured, but without the systematic substantial improvements of previous years. Efforts will be concentrated on making the fullest possible use of the concessions already granted.

The Commission states that henceforth the financial data will be expressed in European units of account.

The Commission's proposals for 1978 are as follows :

- Agricultural sector : the inclusion of some new products (horses for slaughter and for other purposes, certain kinds of crustaceans and molluscs, dried garlic, limes, tropical fruit cocktails and, during the winter, certain kinds of fruit and vegetables and the inclusion of a limited reserve share in all GSP tariff quotas for agricultural products;
- Industrial semi-manufactures and manufactures : ceilings for many products will be raised as a result of the adoption of a new reference year (1975), though, for some products, there will be no increase or only a limited increase;
- Textile products : it is proposed that only the ceiling for carpets should be raised; as regards coir and jute products, the tariff reduction accorded by the Community as a counterpart to the voluntary restraint agreements negotiated with India (jute and coir) and Bangladesh (jute) will continue to be applied and should be raised to the 100% mark on 1 January 1978;

- Improvements of a technical nature : firstly to the system of tariff quotas (extension of the application of a limited reserve share to all the GSP tariff quotas in the industrial sector, except for ECSC products), and secondly to the special maximum country-by-country amounts (more flexible application of national shares);
- The ceilings for semi-sensitive and non-sensitive products in the least developed countries will be exempt from the reintroduction of duties;
- Extension to Romania of preferences for a number of additional products;
- For all products : the technical adjustment of the rules of origin due to the addition of certain agricultural products and amendments to the Nomenclature.

### Gist of the Opinion

The Committee adopted ~~the~~ **Opinion by a large majority**, there being three dissenting votes and three abstentions.

The Committee approves the Commission's proposals for 1978, which are characterized by a more cautious approach than that taken in the 1977 arrangements. As long as economic recovery remains hesitant in the Community, the latter should take care not to enter into commitments liable to endanger the bases of the equilibrium on which an effective policy towards the Third World depends.

The Committee emphasizes the need to ensure that the scheme first and foremost helps the countries with the greatest need. It also points out the need for coordination of all the systems of generalized preferences applied by the industrialized countries.

Finally, the Committee urges that, in future, the Community's trade commitments should form part of an overall common commercial policy - a policy that is effective, in keeping with the Community's political role in the world, and reflects the essential requirements of internal economic and social policy, particularly as regards employment, reasonable utilization of resources and production capacity and, on a more general level, economic growth.

The Economic and Social Committee based its Opinion on material prepared by its Section for External Relations under the chairmanship of Mr CARSTENS - Denmark - Employers. The Rapporteur was Mr CREMER - Germany - Workers.

## V. DOUBLE TAXATION

Proposal for a Council Directive on the Elimination of Double Taxation in Connection with the Adjustment of Transfers of Profits between Associated Enterprises (Arbitration Procedure)

### Gist of the Commission's Proposal

This Proposal may be seen as a further part of the Commission's efforts (already passed to the Council in April 1976 - Doc. COM(76) 119 final) to combat tax avoidance and international tax evasion. The proposal involves the setting up of arbitration committees, ostensibly to ensure that a company whose profits have been 'jacked up' by the tax authorities for taxation purposes in one country, on the grounds of suspected artificially-low transfer prices to one of its subsidiary or associated companies in another country, does not pay more tax in the second country than it should in fairness have to pay. When implemented, the 1976 Proposal made by the Commission regarding mutual assistance between national taxation administrations is likely to increase cases of double taxation, and it was felt by the Commission and by the Economic and Social Committee that it should submit a further proposal for a Directive dealing particularly with the problem of double taxation, and that the two Directives be introduced at the same time. This is a technical proposal, dealing with the machinery that would handle cases of double taxation. It does not deal with the question of transfer pricing itself.

### Gist of the Opinion

The Committee adopted the Opinion unanimously.

The Committee's Opinion on arbitration procedure minimizes the importance of the proposed Directive, although at the same time welcoming it. It describes the Proposal as technical; it merely lays down the procedures to be adopted by the tax authorities of two Member States where there is believed to have been an instance of double taxation without, however, providing any guidance on intra-group transfer pricing.

In its earlier Proposal on Mutual Assistance, the Commission had stated in its explanatory note that it would submit to the Council, not later than July 1976, proposals for a Directive on Double Taxation, especially in the field of transfer pricing. Such a proposal for a Directive has not been produced. The Committee recommends again, that studies of this problem continue "as a matter of urgency".



The Committee based its Opinion on material prepared by its Section for Economic and Financial Questions, under the chairmanship of Mr MARGOT - Belgium - Various Interests. The Rapporteur was Mr MILLER - United Kingdom - Employers.

## VI. CASTOR SEEDS

Proposal for a Regulation (EEC) of the Council laying down Special Measures in respect of Castor Seeds

### Gist of the Commission Proposal

The Commission has examined the case for promoting castor seed production in the Community.

The Commission document (Doc. COM(77) 339 fin) serves both as a report on the subject and as an explanatory memorandum to the proposal for a Council Regulation laying down special measures.

The Commission considers that it is in the Community's interest to develop this crop at both industrial and agricultural level. This is particularly important from the point of view of helping to ensure a better equilibrium between agricultural production in the northern and southern parts of the Community.

### Gist of the Opinion

The Committee adopted its Opinion by 26 votes in favour, 13 against and 2 abstentions.

While the Committee is sympathetic to any attempt to improve economic conditions in special regions of the Community, the Committee does not consider that this proposal is well designed for that purpose, and consequently considers that the Commission's proposal should be rejected.

The proposal appears to do nothing to improve employment or farm incomes in the areas concerned by substituting one crop for another. Indeed, as is stated by the Commission, the castor crop may be less attractive in income per hectare than existing crops.

Since this crop will be new to farmers in Europe and yields per hectare are likely to be low, the cost of aid, as proposed by the Commission, is likely to be very high and probably long lasting.

Such resources should be used in far more positive ways to increase incomes and employment.

The Committee holds the view that the intention of this experimental scheme is, in time, to make a substantial contribution towards European security of supplies. This would entail a substantial cut in imports from certain developing countries. The Committee does, however, consider it unacceptable to start a new scheme which runs against other Community policies aiming at promoting the exports and improving the foreign exchange earnings of developing countries, in particular when such a scheme is without gains in employment in the Community.

The Committee based its Opinion on material prepared by its Section for Agriculture under the chairmanship of Mr EMO CAPODILISTA - Italy - Various Interests. The Rapporteur was Mr RAINERO - Italy - Various Interests.

## VII. RAILWAY COSTS

Proposal for a Council Regulation laying down Uniform Costing Principles for Railway Undertakings

### Gist of the Commission's Proposal

Article 8(2) of Council Decision 75/327/EEC of 20 May 1975 on the improvement of the situation of railway undertakings and the harmonization of rules governing the financial relations between such undertakings and States states that "before 1 January 1978, the Council, acting on a proposal from the Commission, shall lay down uniform costing principles" for railway undertakings.

It is also stipulated in paragraphs 3 and 4 of the same Article that, as a temporary solution, "the railway undertakings must provide the State with the necessary data to enable a detailed assessment to be made of the financial results of each of the categories of activity" (passenger and goods transport).

The aim of the Commission's proposal is to meet the requirements of the above provisions in the context of the Council Resolution of 27 June 1974 which made costing an important factor in commercial cooperation between railway undertakings and in comparing the financial performance of these undertakings.

### Gist of the Opinion

The voting was 42 votes in favour, 11 against and 7 abstentions.

The Economic and Social Committee warns against too high hopes being placed on the implementation of the Commission's proposal.

In particular, it has reservations about Section III of the proposal, which lays down principles for the supervision of the results of the railways' individual operations.

The Committee wonders whether it will be possible to proceed so far given the stage reached in the standardization of costing methods. Even after the principles set out in Sections I and II have been put into practice, there will be considerable differences, which could mean that comparisons are misleading. Therefore, Section III should not be included in the present Regulation. Instead it should be examined afresh as further progress is made towards the standardization of costing methods.

The Committee based its Opinion on material prepared by its Section for Transport and Communications under the chairmanship of Mr HOFFMANN - Germany - Workers. The Rapporteur was Mr FREDERSDORF - Germany - Various Interests.

### VIII. EUROPEAN SOCIAL FUND - WOMEN AND REGIONS

Proposal for a Council Directive concerning Operations Qualifying for a Higher Rate of Intervention by the European Social Fund and the

Proposal for a Council Decision regarding European Social Fund Assistance Towards Women.

### Gist of the Commission's Proposals

The purpose of the Proposal for a Council Regulation concerning Operations Qualifying for a Higher Rate of Intervention by the European Social Fund is to specify regions which are marked by a particularly serious or sustained rate of unemployment and where schemes are to be eligible for a higher rate of Social Fund aid (55% instead of 50% in accordance with a decision still to be taken by the Council). The regions picked out in the proposal are Greenland, the French Overseas Departments, the Republic of Ireland, Northern Ireland and the Mezzogiorno.

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.../...

The proposal on the use of the ESF to help women seeks to widen the possibilities for aid in this sphere, thus helping to overcome some of the obstacles impeding the employment of women. It is proposed that the Fund should be able to part-finance the vocational training of women over 25, when this training is accompanied by measures aimed at preparing job seekers for working life and finding them jobs commensurate with their qualifications.

#### Gist of the Opinion

The Committee adopted its Opinion unanimously.

The Committee approves the proposal concerning operations qualifying for a higher rate of ESF intervention but reaffirms its earlier position that the ceiling should be 65% rather than the 50% as envisaged at present. The Committee also wants to see a big financial effort made to help the depressed areas indicated by the Commission where the structural balance is continuing to deteriorate vis-à-vis more economically advanced regions.

The Committee agrees with the choice of Greenland, the French Overseas Department, Ireland, Northern Ireland and the Mezzogiorno as regions eligible for the preferential rate of intervention but hopes that they will be joined later by other regions of the Community beset by serious economic and social problems. This should be done in the light of the experience gained in the above-mentioned five regions.

All in all, however, the Committee regrets the fragmentary nature and limited scope of the Commission's proposals. But provided they are added to later on, the proposals could be a first step towards more vigorous Community action to combat regional imbalances.

With regard to the European Social Fund's assistance for women, the Committee feels that the new proposal is an initial step towards improving the employment situation of women. It does, however, have a number of reservations owing to its belief that the funds made available, will be insufficient to fulfil the general aim set by the European Council in Rome on 25 and 26 March 1977, and in London on 29 and 30 June 1977. The Committee makes the point that the sheer size and range of the problems that women have to contend with when they are on the look-out for jobs calls for concerted action covering every facet of female employment.

The Committee based its Opinion on material prepared by its Section for Social Questions under the chairmanship of Mr HOUTHUYS - Belgium - Workers. The Rapporteur was Mr CARROLL - Ireland - Workers.

#### IX. BRUCELLOSIS

Proposal for a Council Directive amending Directive 64/432/EEC on, as regards Brucellosis, the Buffered Brucella Antigen Test, 45/20 Vaccine and the Inconclusive Range to the Serum Agglutination Test

##### Gist of the Commission's Proposal

Since the Council Directive 64/432/EEC was adopted, progress in the field of control of bovine brucellosis has been achieved in many areas, both in the field of prophylaxis and in diagnosis. Member States have consequently introduced modernized methods in their national brucellosis control programmes. This means that there is not a discrepancy between the methods of control used in connection with intra-Community trade, and those used to safeguard national herds.

Community provisions aim at full harmonization of control procedures, it is therefore proposed to remove these discrepancies by introducing the diagnostic procedures (buffered brucella antigen test), the new vaccine (45/20) and an improved evaluation procedure for the serum agglutination test.

##### Gist of the Section's Opinion

The Committee approves the proposal but urges that account should be taken of the history of the herds concerned when assessing the results of the serum agglutination test.

The Committee based its Opinion on material prepared by its Section for Agriculture under the chairmanship of Mr EMO CAPODILISTA - Italy - Various Interests. The Rapporteur was Mr MAHER - Ireland - Various Interests.

## **X. BRUCELLOSIS DEROGATIONS**

Proposal for a Council Directive prolonging Certain Derogation Measures in relation to Brucellosis and Tuberculosis granted to Denmark, Ireland and the United Kingdom

### **Gist of the Commission's Proposal**

By virtue of Article 104 of the Treaty of Accession, Denmark, Ireland and the United Kingdom were authorized to maintain for an interim period, until the end of 1977, their national rules for declaring a herd of cattle officially free of tuberculosis or free of brucellosis.

On the same basis certain derogations from existing Community provisions were granted, to allow for the maintenance of traditional exports of cattle from Ireland to the United Kingdom.

As certain delays have occurred in the solution of basic technical problems related to these matters and as a proposed modification of the basic directive governing these questions will only take full effect during the following year, it is considered necessary that the above derogations be extended until the end of 1978, in order not to cause unreasonable interruptions in existing prophylactic measures and traditional trade patterns.

### **Gist of the Opinion**

The Committee adopted its Opinion approving the Commission proposal by unanimous vote.

The Committee based its Opinion on material prepared by its Section for Agriculture under the chairmanship of Mr EMO CAPODILISTA (Italy - Various Interests). The Rapporteur was Mr MAHER (Ireland - Various Interests).

## **11. RESEARCH AND DEVELOPMENT**

Proposal for a Multiannual R & D Programme in the Field of Primary Raw Materials (Indirect Action) (1978-1981)

### **Gist of the Proposal**

The programme is designed to alleviate the Community's medium- to long-term problems in the supply of basic raw materials.

It aims to increase the Community's self-supply potential and to develop new mining techniques. Three research areas are covered :

- Exploration : It is proposed to improve knowledge concerning concealed and deep-seated deposits. It is also planned to improve and develop prospection methods and techniques;
- Ore Processing : Work will focus on the use of low-grade and complex ores. Actions are proposed on copper, lead and zinc ores, as well as sources of alumina other than bauxite;
- Mining Technology : It is planned to carry out R & D work to try and reduce equipment and operating costs in sinking deep mines and exploiting small deposits which contain high-grade ores. .

The programme, which is to run for a four-year period starting in 1978, would cost a total of 23 m. EUA on the Community budget. The Member States are expected to contribute a further 21 m. EUA.

Work would be carried out by "indirect action", i.e. by means of cost-sharing research contracts to which the Community would make a maximum average contribution of 50%.

An advisory Committee on programme management would be set up to assist the Commission.

#### Gist of the Opinion

The Committee adopted the Opinion unanimously.

The Committee approves the programme which will cost a total of 23 m. EUA on the Community budget over four years. The Member States are expected to contribute a further 21 m. EUA.

The Committee only regards the proposal as a first step in a whole series of long-term measures to develop Community deposits of non-ferrous metals, for which the Community currently depends on third countries for its supplies.

The Committee believes that the R & D work should not only increase Community self-sufficiency but should also, through the export of "know-how", help to secure supplies from non-Member countries.

The programme should, according to the Committee, be reviewed after three years of operation and revised, where necessary.

The Committee based its Opinion on material prepared by its Section for Energy and Nuclear Questions under the chairmanship of Mr MILLER - United Kingdom - Employers. The Rapporteur was Mr SCHLITT - Germany - Various Interests.

## XII. SCIENTIFIC AND TECHNOLOGICAL DOCUMENTATION

Proposal for a Council Decision adopting a Second 3-Year Plan of Action in the Field of Information and Documentation in Science and Technology.

### Gist of the Proposal

The Commission puts forward a plan which runs from 1978 to 1980 at a total cost of 9 MUC at 1977 prices. Its objectives are :

- to turn EURONET (Community information network system) into a public on-line information network;
- to develop a common market for scientific and technical information;
- to promote technology and methodology for improving information services, with special emphasis on those of EURONET.

The plan follows on from the first action plan which ran from 1975 to 1977.

### Gist of the Opinion

The Opinion was adopted unanimously.

The Committee, subject to a number of comments, endorses the Commission's plan :

- to turn EURONET (Community information network system) into a public on-line information network;



- to develop a common market for scientific and technical information;
- to promote technology and methodology for improving information services, with special emphasis on those of EURONET.

The Committee trusts that EURONET will become an operational public network as soon as possible. It believes the system should be designed with the interests of users in mind. This would entail a system of free competition so as to provide information users with the widest possible choice. At the same time, a rational organization of the market is needed to avoid waste and duplication of effort.

The Committee notes that substantial progress has been made towards a uniform tariff for the Community part of EURONET. But it calls for standardization of charges made by national PTT's for connection to the network.

The Committee recommends an intensification of efforts to incorporate economic, financial and social data in the network and regrets that only a limited amount of information has been built up on energy problems.

The system should, in the Committee's view, serve as a central information source for existing national and regional information services and enable the Community to compete with the highly developed services of third countries.

The Committee based its Opinion on material prepared by its Section for Energy and Nuclear Questions under the chairmanship of Mr MILLER - United Kingdom - Employers. The Rapporteur was Mr DE RIDDER - Belgium - Various Interests.

### XIII. PROPRIETARY MEDICAL PRODUCTS

Proposal for a Council Directive Amending Directive No. 75/319/EEC of 20 May 1975 on the Approximation of Provisions Laid Down by Law, Regulation or Administrative Action relating to Proprietary Medicinal Products.

#### Gist of the Commission's Proposal

The Commission says that Articles 9 and 10 of Council Directive No. 75/319/EEC should be amended to allow files drawn up in connection with applications for marketing authorization to be

forwarded directly to the Member States specified by the Member State which has already granted marketing authorization. If the proposal is adopted, files will therefore no longer be forwarded via the ad hoc Committee, as at present required.

#### Gist of the Opinion

The Committee adopted the Opinion unanimously.

The aim of the Commission's proposal is to shorten the administrative procedures and cut down the delays affecting applications for marketing authorizations for proprietary medicinal products. With this aim in view the Committee approves the proposal.

The Economic and Social Committee based its Opinion on material prepared by its Section for Industry, Commerce, Crafts and Services under the chairmanship of Mr HEMMER - Luxembourg - Employers. The Rapporteur was Mr CHABROL - France - Various Interests.

#### XIV. SOCIAL SECURITY - MIGRANT WORKERS

Proposal for a Council Regulation amending Regulations (EEC) No. 1408/71 and No. 574/72 on the Application of Social Security Schemes to Employed Persons and Their Families Moving within the Community, and the

Proposal for a Council Regulation amending the Annexes to the aforementioned Regulations (EEC) No. 1408/71 and No. 574/72.

#### Gist of the Commission's Proposals

The aim of the first proposal is to make certain improvements to the rights of migrant workers. The need for these improvements has become apparent in the light of experience. It is also proposed that minor transfers of costs be made between the social security institutions of the Member States.

The aim of the second proposal is to amend the Annexes to Regulations No. 1408/71 and 574/72 in the light of both the agreements concluded between several of the Member States in pursuance of the Regulations, and the decisions by Member States on the allocation of responsibilities to their social security authorities, bodies and institutions for implementing the Regulations.

## Gist of the Opinion

The Committee adopted its Opinion unanimously.

The Committee approves the two proposals and appreciates the Commission's steadfast work in this specialized and delicate field.

The Committee also calls for the removal of the remaining obstacles to workers' freedom of movement in the Community and urges Member States to give workers from other Member States the same treatment as their own nationals in all respects. Furthermore, it calls on the Commission to speed up the submission of a draft Regulation on the coordination of social security schemes for self-employed workers moving within the Community.

The Committee based its Opinion on material prepared by its Section for Social Questions under the chairmanship of Mr HOUTHUYS - Belgium - Workers. The Rapporteur was Mr PURPURA - Italy - Various Interests.

## XV. MEDITERRANEAN POLICY

The Committee adopted, with no votes against and one abstention, its Study on

Community Policy towards Southern and Eastern Mediterranean Countries.

The Study analyses Community policy towards southern and eastern Mediterranean countries through the different association agreements concluded with the Maghreb countries (Algeria, Morocco and Tunisia), and Mashreq countries (Egypt, Jordan, Lebanon and Syria) and Israel, and tries to evaluate the repercussions of this policy on the various industries and regions in the Community.

While it is obvious, for both political and economic reasons, that the policy followed up to now must be continued and expanded, at the same time all the steps necessary must be taken to prevent this policy aggravating the agricultueal and industrial problems currently facing the Community. These problems may get worse when Greece, Portugal and Spain join the Community.

.../...

It is equally essential that those responsible for framing the association agreements remember that certain Mediterranean industries and regions in the Community are particularly sensitive to the effects of agreements concluded by the Community with non-member countries that are their direct competitors.

Bearing in mind the concern felt by economic and social interest groups in the Community, the Committee urges that any action in the field of industrial co-operation be designed to avoid encouraging the setting-up of industries in sectors where there are already marketing difficulties.

The Committee also recommends that a number of agricultural policy measures be taken, both as regards market organization and structures, to offset the losses of income which the Mediterranean policy might cause in Community regions and sectors whose products have to compete with those of the Community's partners.

Finally, the Committee stresses the need for overall consistency between the Community's external policy and its internal policies and organizations.

The Committee based its Study on material prepared by its Section for External Relations under the chairmanship of Mr CARSTENS Denmark - Employers. The Rapporteur was Mr CAPRIO - Italy - Employers.

II.

EXTERNAL RELATIONS

1. Meeting of the Section for Economic and Financial Questions in Berlin

On 3-4 October, the Section for Economic and Financial Questions met in Berlin. Its Chairman, Mr A. MARGOT, presided.

At this meeting, the Section adopted its Opinion on the Proposal for a Council Directive on the Elimination of Double Taxation in connection with the Adjustment of Transfers of Profits between Associated Enterprises (Arbitration Procedure) and heard a statement from Mr WEGNER, representing the Commission, on the Annual Report on the Economic Situation in the Community.

It also heard two statements from members of the Deutsches Institut für Wirtschaftsforschung (German Economic Research Institute) on the Problems of Central Economic Planning in a State-Trading Country and on Present Monetary Problems of the COMECON countries.

A press conference was held after the meeting.

2. Official Visit of the Committee Chairman to Italy

The Committee Chairman, Mr Basil de FERRANTI, accompanied by the Secretary-General, Mr Delfo DELFINI, and Mr de FERRANTI's Chef de Cabinet, Mr Robert JACKSON, made an official visit to Rome on 17-18 October. He met the President and Vice-President of CNEL (the ESC's counterpart in Italy), Mr Bruno STORTI and Mr Alfredo DIANA, and representatives of the following trade and professional organizations:

- Confindustria (employers' association)
- Various agricultural organizations (Confagricoltura, Federazione italiana consorzi agrari (Italian Federation of Agricultural Groups), Confederazione nazionale dei coltivatori diretti (National Confederation of Owner-Farmers)
- Federazione unitaria dei sindacati (United Trades Union Federation)
- Cooperative organizations
- Confederazione generale commercio e turismo (General Confederation for Commerce and Tourism)
- Confederazione generale italiana dell'artigianato (General Confederation of Craftsman).

In addition, Mr de FERRANTI met the President of ENI (national hydrocarbons body), Mr PETRILLI, and the President of IRI (body for industrial reconstruction), Mr SETTE.

Mr de FERRANTI then visited Florence where he had talks with the President of the European University Institute, Mr M. KOHNSTAMM, with a view to having a better two-way flow of information between the ESC and the European University Institute.

III

NEW REQUEST FOR AN OPINION

In October, the Council requested the Committee to deliver an Opinion on the :

Proposal for a Council Directive amending Directive 75/106/EEC on the Approximation of the Laws of the Member States relating to the Making-up by Volume of Certain Pre-packaged Liquids.

IV

RIGHT OF INITIATIVE

At its 152nd Plenary Session, the Committee decided to draw up own-initiative Opinions on :

A Communication from the Commission to the Council on the Amendment of the Common Organization of the Market in Beef and Veal

A Report by the Commission to the Council on the Respective Merits of the Systems of Premiums and Intervention Measures in the Beef and Veal Sector

A Report on Starch Products in the Community and the Starch Production Refund

and Frontier Workers.



PROVISIONAL PROGRAMME OF FUTURE WORK

November 1977 Plenary Session

Requested Opinions

- Producer Groups
- Uranium R & D
- Recovery of Import/Export Duties
- Commercial Agents
- Aeronautical Research
- Tractor Seats
- Goods Exported for Repair
- Paper and Board
- Physical Properties of Food
- Emulsifiers
- Medical Research
- Green Paper

Own-Initiative Opinions

- East-West Transport
- Small and Medium-Sized Undertakings

Study

- Tax Harmonization

December 1977 Plenary Session

Requested Opinions

- Animal Feedingstuffs
- Alcohol
- Defective Products
- Energy Policy Objectives
- Urban Concentrations

Own-Initiative Opinion

- Mediterranean Agriculture

Subsequent Plenary Sessions

Requested Opinions

- Nuclear Fuel Reprocessing
- Fast-Breeders
- Radioactive Waste
- Home-Study Courses

Own-Initiative Opinions

- Forestry Problems
- Customs Union
- Export Credit
- Part-Time Work
- Education and Training of Young People
- Use of Medicine

Study

- Community/Greece Relations
- Community/State-Trading Country Relations
- Community/Spain Relations
- Asbestos

MEMBERS' NEWS

Mr Ludwig ROSENBERG, Chairman of the Committee from 1960 to 1962, died on 27 October 1977.

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## **PUBLICATIONS OBTAINABLE FROM THE ECONOMIC AND SOCIAL COMMITTEE**

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### **Periodical**

- Bulletin (monthly publication)

### **General Documentation**

- The Economic and Social Committee (leaflet) (January 1975)
- The Economic and Social Committee (April 1975)  
(A descriptive brochure) 16 p.
- Annual Report (1976) 80 p. (1975) 62 p. (1974) 60 p. (1973) 64 p.
- Directory (January 1977)  
(List of members) 42 p.

### **Opinions and Studies**

- Community Nuclear Safety Code (July 1977)  
(Study) 50 p.
- Regional Development - Unemployment and Inflation (June 1977)  
(Opinion) 130 p.
- Research and Development (November 1976)  
(Study) 35 p.
- Systems of education and vocational training  
(August 1976) (Study) 114 p.
- Regional Policy (March 1976)  
(Opinion) 11 p.
- European Union (July 1975)  
(Opinion) 33 p.
- Progress Report on the Common Agricultural Policy  
(February 1975) (Study) 52 p.
- The Situation of Small and Medium-sized Undertakings in the  
European Community (March 1975) (Study) 69 p.